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Notice Concerning Recording of Extraordinary Losses
and Difference between Consolidated Financial Results Forecast and Actual Results Figures

TATERU, Inc. (the “Company”) hereby announces that it expects to record the following extraordinary losses for the fiscal year ended December 31, 2019. In addition, the Company hereby announces the occurrence of a difference between its consolidated financial results forecast released on August 8, 2019 and actual results figures released today, as follows.

1. Recording of extraordinary losses

(1) Recording of impairment losses on property, plant and equipment (real estate for investment purposes)

The original purpose of owning the property, plant and equipment (real estate for investment purposes) owned by the Company has changed, so it is expected to be sold as real estate for sales. Accordingly, based on the “Accounting Standard for Impairment of Fixed Assets,” the book value was reduced to the net sales value, and an impairment loss of 947 million yen was recorded in extraordinary losses.

(2) Recording of loss on valuation of inventories

Based on the “Accounting Standard for Measurement of Inventories,” the book value of some of the inventories owned by the Group was written down due to a decrease in profitability, and a loss on valuation of inventories of 549 million yen was recorded in extraordinary losses.

2. Difference between consolidated financial results forecast and actual results figures

(1) Difference between its consolidated financial results forecast for the fiscal year ended December 31, 2019 and actual results figures (January 1, 2019 to December 31, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	19,492	(7,916)	(8,311)	(10,599)	(119.40)
Actual results (B)	18,828	(9,671)	(10,122)	(14,536)	(163.11)
Difference (B-A)	(664)	(1,755)	(1,811)	(3,937)	
Increase/decrease (%)	(3.4)	—	—	—	
(Reference) Results for the fiscal year ended December 31, 2018	79,149	721	507	821	9.70

(2) Reason for difference between financial results forecast and actual results figures

In addition to the recording of the extraordinary losses above, careful consideration of the net sales value of real estate for sale resulted in the recording of an additional valuation loss of 1,517 million yen, as well as the recording of a provision for loss on guarantees of 304 million yen in cost of sales. Furthermore, a loss on valuation of investment securities of 154 million yen and amortization of goodwill of 397 million yen due to a change in the sale value of Invest Online, Inc. was recorded in extraordinary losses.

As a result of the above, actual result figures were lower than the previous forecast, with net sales of 18,828 million yen (down 664 million yen vs. initial forecasts), operating loss of 9,671 million yen (down 1,755 million yen), ordinary loss of 10,122 million yen (down 1,811 million yen), and loss attributable to owners of parent of 14,536 million yen (down 3,937 million yen).